

### Offer 401-HHS-003: Medical Services

**Offer Total:**       \$       3,462,370,553

**General Fund Need:** \$       778,413,747

**Offer Description:**

This offer maintains current Iowa Medicaid eligibility standards and provides those services mandated by Title XIX for all eligible individuals at SFY 2009 rates.

This offer also provides all State Plan services which are not “mandatory” under Title XIX but which are medically necessary and currently covered by Iowa Medicaid.

This offer also seeks to maintain the contracts initiated in 2004 to operate and enhance activities of the Medicaid program through the Iowa Medicaid Enterprise and administrative functions as well as local staff necessary to deliver services.

The purpose of the HIPP program is to reduce Medicaid costs by obtaining health insurance for Medicaid-eligible people. Section 4402 of the Omnibus Budget Reconciliation Act (OBRA) permits states to pay the cost of enrolling an eligible Medicaid recipient in an employer group health insurance plan when it is determined cost-effective to do so. Medicaid program costs are reduced by establishing or maintaining a third-party resource as the primary payer of the recipient’s medical expenses. This is particularly true for persons who may not otherwise enroll in an available health insurance plan or who may drop health insurance once Medicaid eligibility is attained.

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the “state papers” program and to draw down Federal matching funding for services provided.

**SFY 2009 Enacted Budget (Status Quo Funding)**

Medical Assistance - Adjusted Status Quo**	\$677,202,300
Medical Contracts	\$14,165,550
HIPP	\$591,752
Field Support	\$12,289,850
General Admin	\$8,098,877
<b>Total State \$ Appropriated:</b>	<b>\$712,348,329</b>

\*\*This figure includes the following:

- \$649,629,269 General Fund appropriation in SFY 2009 for Medical Assistance.
- \$5,500,000 appropriation in SFY 2009 for hospital rebasing.
- \$2,800,000 appropriation in SFY 2009 from the Health Care Reform Bill.
- \$19,273,031 supplemental appropriation in SFY 2009 due to an anticipated funding shortfall.

**Funding Needed to Maintain the Current Service Level**

Decision Package	Decision Package Description	Amount
1	Increase due to growth in the utilization of fee-for-service (such as hospital, physician, laboratory, etc.) and inflation in cost-based reimbursement.	\$ 16,946,624
2	Increase in fee-for-service expenditures due to enrollment growth of 2.42% over SFY 2009.	\$ 12,125,069
3	Replacement of funding at the MHIs that was formerly provided through the IowaCare program. Pursuant to the Federal terms and conditions of the IowaCare waiver, the IowaCare funding is eliminated in SFY 2010.	\$ 9,000,000

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**Funding Needed to Maintain the Current Service Level, continued**

Decision Package	Decision Package Description	Amount
4	Increase in Medicare-related payments for coverage of dual eligibles includes growth in the payment of Medicare Part A and Part B premiums, the Medicare Part D clawback payment, and crossover payments for Qualified Medicare Beneficiaries (QMBs).	\$ 7,930,958
5	Increase in home and community based waiver services due to the annualization of the waiting list buy-down that occurred in SFY 2009 (\$2,850,758) and for enrollment and utilization growth in the waivers (\$3,187,312). Utilization growth includes \$477,444 for the expansion of three services (Crisis Intervention, Behavioral Programming, and Mental Health Outreach) to the Brain Injury and Mental Retardation waiver programs.	\$ 6,038,070
6	Increase in Nursing Facility Services due to rate re-basing in SFY 2010.	\$ 5,623,541
7	Restore carry forward funds from SFY 2008 (\$3,195,318) and one-time funding from SFY 2009 (Property Tax Relief Funds - \$624,000).	\$ 3,819,318
8	Increase in Mental Health Services primarily due to utilization increases in Remedial Services, the Iowa Plan, Habilitation Services, PMICs, and Psychiatric Services.	\$ 2,296,164
9	Annualization of the partial-year funding for the hospital rebase in SFY 2009.	\$ 1,833,333
10	Increase in Targeted Case Management Services due to both member and utilization	\$ 988,923
11	Increase in all other Medical Assistance programs.	\$ 1,343,145
12	Medical Contracts inflationary increases due to contract costs, operational costs, and Information Technology increases.	\$ 597,769
13	Medical Contracts - These funds will be used to procure a vendor for the MMIS.	\$ 500,000
14	Medical Contracts - These funds will be used to upgrade to HIPPA version 5010.	\$ 340,000
15	Medical Contracts - These funds will be used for the electronic attachment activity that will begin at the end of FY 2009 and continue throughout FY 2010.	\$ 268,000
16	Medical Contracts - These funds will be used for targeted case management services through the Department of Public Health.	\$ 434,293
17	Medical Contracts - These funds will be used for technical assistance in the reprocurement of the IME contracts.	\$ 16,668
18	This package funds additional inflationary costs to sustain operations and service delivery including worker's compensation fees, contract increases, printing, postage and IT support. (Medical Contracts - \$22,419; Field - \$129,559)	\$ 151,978
19	Field Support - Maintains 18.52 field staff in order to timely and accurately determine eligibility for Medicaid and IowaCare caseloads.	\$ 848,610
<b>Total Requested for Current Service Level Funding:</b>		<b>\$ 71,102,461</b>

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**Reprioritization**

Decision Package	Decision Package Description	Amount
20	Elimination of DMIE funding in both SFY 2009 and SFY 2010. This is a reduction of \$1,143,522 for each year.	\$ (2,287,044)
21	Include Behavioral Health drugs on the Preferred Drug List and reduce off-label usage.	\$ (1,750,000)
22	Savings due to the implementation of the Correct Coding Initiative.	\$ (1,000,000)
<b>Reprioritization Total</b>		<b>\$ (5,037,044)</b>

<b>General Fund Total</b>	<b>\$778,413,747</b>
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**Offer 401-HHS-003: Medical Services**

**Total Funding Summary:**

<b>State Funding Total:</b>			<b>\$1,053,840,690</b>
<b>Breakout:</b>	<b>Program</b>	<b>General Admin</b>	<b>Field</b>
General Fund	\$ 757,046,851	\$ 8,098,877	\$ 13,268,019
SLTF*	\$ 111,753,195		
Tobacco**	\$ 114,943,296		
HCTA	\$ 7,244,212		
Iowa Care	\$ 33,562,407		
Other***	\$ 7,923,833		
Total	\$ 1,032,473,794	\$ 8,098,877	\$ 13,268,019

\*The entire \$111.7 million appropriated in SFY 2009 may not be available in SFY 2010.

\*\*Tobacco includes the Health Care Trust Fund (HCTF)

\*\*\*Other State dollars include \$6,600,000 for property tax relief and \$1,323,833 from the Pharmaceutical Settlement Fund.

<b>Federal Funding Total:</b>			<b>\$2,011,132,205</b>
	<b>Program</b>	<b>General Admin</b>	<b>Field</b>
TANF			
SSBG			
Other Federal	\$ 1,907,478,641	\$ 12,758,070	\$ 17,295,034
HCTA	\$ 3,397,224		
IowaCare	\$ 70,203,237		
Total	\$ 1,981,079,102	\$ 12,758,070	\$ 17,295,034

<b>Other Funding Total:</b>			<b>\$397,397,658</b>
	<b>Program</b>	<b>General Admin</b>	<b>Field</b>
Other	\$ 395,365,993		\$ 2,031,665
The program amount includes intra-state transfers, rebates and recoveries, and county funded services. Field amount includes revenue from outstationed workers and county funded expenses.			
<b>Totals</b>	<b>Program</b>	<b>General Admin</b>	<b>Field</b>
	\$ 3,408,918,888	\$ 20,856,947	\$ 32,594,717
<b>Offer Total</b>			<b>\$3,462,370,553</b>

Totals include Medical Assistance, Medical Contracts, HIPP, Family Planning, IowaCare and the Health Care Transformation Act

**FTEs included in offer (Medical Assistance):**

<b>FTEs</b>	<b>Admin</b>	<b>Field</b>
	<b>126.46</b>	<b>460.03</b>
	<b>Program</b>	<b>Other</b>

**FTEs included in offer (IowaCare):**

<b>FTEs</b>	<b>Admin</b>	<b>Field</b>
		<b>11.50</b>
	<b>Program</b>	<b>Other</b>

**IOWACARE FUND****Below is a detailed breakdown of IowaCare funding included within this offer.**

	<u>SFY 2009</u>	<u>SFY 2010</u>
<b>SFY 2009 Enacted Budget (Status Quo Funding)</b>		
Polk County Revenue	\$ 34,000,000	
Transfer from Medicaid	\$ 4,568,899	
Transfer from HCTA	\$ 3,000,000	
<b>SFY 2009 Anticipated Additional Revenue</b>		
Balance Forward	\$ 1,840,399	
Interest	\$ 400,000	
<b>Total Estimated SFY 2009 Revenues:</b>	<u>\$ 43,809,298</u>	

**Funding Requested in SFY 2010**

Polk County Revenue	\$ 34,000,000
Transfer from Medicaid	\$ 4,615,027
Transfer from HCTA	\$ 3,000,000

**SFY 2010 Anticipated Additional Revenue**

Balance Forward	\$ 203,813
Interest	\$ 250,000

**Total Estimated SFY 2010 Revenues:**\$ 42,068,840**Expenditures:*****Original IowaCare Appropriations (per HF 841)***

State Dollars

UIHC (\$27,284,584 total funds)	\$ 10,087,111
Broadlawns (\$37,000,000 total funds)	\$ 13,678,900
State Hospital-Cherokee	\$ -
State Hospital-Clarinda	\$ -
State Hospital-Independence	\$ -
State Hospital-Mt Pleasant	\$ -

***Amount Needed to Support Claims Growth beyond Original Appropriation***

Broadlawns - payment over \$37,000,000	\$ 1,109,100
UIHC (\$44,096,087 total funds)	\$ 16,302,323

<b>Total Revenues:</b>	\$ 42,068,840
<b>Total Expenditures:</b>	\$ 41,177,434
<b>IowaCare Account Ending Balance:</b>	<u>\$ 891,406</u>
<b>Additional IowaCare Funding Requested:</b>	<u>\$ -</u>

**HEALTH CARE TRANSFORMATION ACCOUNT**

<b>REVENUES</b>		Projected FY 2010
Balance Forward		<b>\$ 18,967,915</b>
Balance Adjustment		
Federal Participation		
Insurance Premiums		530,000
Interest		500,000
TOTAL		<u>\$ 19,997,915</u>
<b>APPROPRIATIONS</b>		
Medical Exams and Dev. of Health Plans		\$ 556,800
Medical Information Hotline		100,000
Insurance Cost Subsidy Program		
Health Care Account Program Option		
Electronic Medical Records		
Case Mix ICF/MR Development		
Provider Incentive Payment Program Dev		
Other Health Partnership Activities		600,000
Audits, Performance Evaluations, and Studies		125,000
DHS Administrative Costs		1,132,412
Dental Home for Children		1,000,000
Mental Health Transformation Pilot		
IowaCare Broadlawns Admin.		230,000
MH/DD Workforce Development		
Tuition Assistance		500,000
Total Expenses		<u>\$ 4,244,212</u>
Transfer to IowaCare Account		\$ 3,000,000
Total Expenses and Transfers		\$ 7,244,212
Balance		<b>\$ 12,753,703</b>